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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
THE APPRAISAL OF CONTENT IS TENTATIVE.
(SEE REVERSE)

1. The enclosures are comments on the effects of the Czech currency reform on the Revolutionary Trade Union Movement (ROH).¹

Enclosures: (A) Report on the ROH and the monetary reform in Czechoslovakia (6 pages).

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(B) Report on the function of the trade unions in the monetary reform in Czechoslovakia (3 pages).

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(Note: Washington Distribution Indicated By "X"; Field Distribution By "#").

Form No. 51-61, January 1953

SECRET**CONTROL U. S. OFFICIALS ONLY** A /The ROH and the monetary reform in Czechoslovakia

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[redacted] a greater number of trade union functionaries took part in the disturbances and strikes in the connection with the currency reform. Their participation was either active, or, for the most part, was expressed by a sort of passive resistance.

This fact was confirmed by the decree of the praesidium of the URO on 14 June 1953. The decree says expressively that "the monetary reform revealed all weak points and shortcomings in the work of the labor unions" and that it has been shown that "some functionaries do not have the revolutionary perspective, since they failed to fight against false opinions about the monetary reform".

The management of the URO had to admit publicly that even a whole series of trade union functionaries took side with the disappointed workmen against the above quoted measures of the government.

The decree of the praesidium of the URO, however must be discussed further, as they contain several future tasks of the ROH, as well as the means towards these aims.

First of all, there is the fact that, as the decree says, "the monetary reform did not solve all the problems of the socialist build-up; it merely created better prerequisites for the fulfillment of the Five Year Plan". Hence it follows that even the government authorities themselves don't believe that the monetary reform could in any way raise the living standard of the Czechoslovak working people as the Communist propaganda tries to maintain.

As for the proper tasks of the ROH, the trade unions are to concentrate their efforts on the improvement and stabilization of the state and labor discipline. i.e., terror against the working men, the fulfillment of the plan of the coal mining, the re-

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removal of absenteeism and fluctuation, and the betterment of the labor morale among the youth.

The compulsory means with which these aims are to be achieved are as follows:

a. The raise of the existing work norms, which have been labelled as "antiquated and soft", the abolition of the payment of over-work hours, as far as it is not absolutely necessary, and the abolition of all manner of allowances on the premises.

In another article published in the Prace in June 1953 there is written that into normed work there should not be included if the workman failed to fulfill certain norm tasks without his own guilt.(1) As an example: if the employee in question did not get the requisite material for work in time; if a less qualified workman replaced a worker with higher qualification, and the like.

b. The enhancement of the state and labor discipline; especially the workers who miss labor shifts (absenteeism) and who often change their jobs (fluctuation) are to be severely hit. Ironically enough, it is the trade unions that are asking for the most severe measures against their own members, whose interest they ought to defend.

This claim of the URO indicates that even the monetary reform did not lead to any improvement in this respect. This phenomenon, undoubtedly, is very serious. It would be possible to reason that the fluctuation lasts because people are seeking such jobs where they could get higher wages. The fact, however, is that the absenteeism lasts as well and that in some industrial regions (Mor. Ostrava, Kladno) it is even increasing seems to indicate that the passive resistance of the workmen, and especially of the miners, arrived at a new stage - the stage of an increased struggle between the Communist government and the workmen.

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It is worth while mentioning that the greatest dissatisfaction is being expressed just in those regions that always used to be the main strongholds of the Communists (Kladno, Ostrava) or of the Social Democrats (Pilsen). This fact indicates that the present Communist regime is losing its prestige mainly among those who had once been its supporters, i.e., among the miners and industrial workmen.

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the Czech workman is above all a realist. No political schooling and no propaganda would convince him that black is white, that is to say, that the living standard of the workmen is raising when, in fact, it is ever lower and lower. The circumstance that the workmen today still shrink from work, though they do not have the financial means any more, reveals that the dissatisfaction of the workmen has deeper roots than it might seem at first sight. Indded it seems that the economical reasons of this dissatisfaction are gradually taking form of a political discontent, which is becoming increasingly a threat to the present regime. Since all propagandistic and "persuading" means failed to be successfull, the Czechoslovak government has been in recent days compelled to legalize several new direct compulsory measures in order to break the lasting resistance of the workmen. The legalization of these new measures, directed against* all classes of the Czechoslovak working people, practically means a further strengthening of the existing terror.

This fact is certainly very interesting if we compare this situation with the present conditions in Eastern Germany and Hungary. Whereas the Communists in those states try to perform a conciliatory policy for form's sake, in Czechoslovakia, on the contrary, the Communist terror is increasing.

What is the explanation of this apparently contradictory policy of Moscow?

There is no doubt that the capacity of the Czechoslovak

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heavy industry is much higher and technically more advanced than the capacity of the heavy industries of Eastern Germany and Hungary. The Czechoslovak heavy industry has important tasks in the armament of the satellite armies and of the Red China, and Moscow does not intend to give up this armament programme. Therefore it is possible that in Czechoslovakia, which is one of the chief arsenals of Moscow, the Soviet management tries to preserve and/or raise at any rate the existing level of the war production at the cost of the production of consumers' goods.

However, it cannot be excluded that also the Czechoslovak government, under the pressure of events in the neighbouring satellite states, will take some formal improvement measures, with which it will attempt to re-gain the confidence of the working people.

As can be inferred from the present events in CSR, these measures will not refer to the lowering of the work norms or to the restriction of the production of the heavy industry. What can rather happen is a certain reduction of prices on the free market, the prices of which were deliberately exaggerated during the monetary reform. If this reduction will take place, and [] it

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is likely, the prices primarily to be cut will be those of the products not much asked for (motorcycles, automobiles, furniture etc). On the other hand the prices of the foodstuffs cannot be expected to be reduced in any sizable way. There is still critical shortage of the foodstuffs in CSR. If CSR will not succeed to get hold of sufficient quantity of these foodstuffs on the western markets, it is not likely that their price would be reduced, because also in the other satellite states, including the USSR, there exists a chronical shortage of all sorts of consumers' goods.

If Moscow allows the restriction of the production of heavy war industry in the benefit of the consumers' goods industry, double interpretation is possible:

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a. The present Soviet management really intends to alter its imperialist policy and to come to terms with the West.

b. The internal political troubles in the USSR and the other satellite states to-day are so strong that the Moscow management is compelled by the increasing discontent among the working men, and in order temporarily to suppress this discontent, to make certain gestures to appease the workmen for some period.

The second alternative of the two is, to my mind, more than probable. The tactics of the Kremlin management always contained ~~of~~ the idea of using a "political alleviation" in certain phases of the political struggle, immediately followed by an increased political and economic terror. The student of the History of the Soviet Communist Party and anybody who has had the opportunity to work with the foremost Communist functionaries is clearly conscious of these tactics. [redacted] 50X1-HUM

[redacted] the final objective remains 50X1-HUM
the world revolution of the proletariat, although the tactical means change from time to time. From this point of view one has to judge the present and/or future events in CSR.

The transfer of 4,000 trade unionist functionaries into the mines also may have two meanings:

a. It is the punishment of those who "failed" during the execution of the currency reform and who took the side ^{of} with the protesting workmen.

b. These functionaries in fact are to watch the workmen right on their posts.

The latter explanation seems more probable [redacted] regard- 50X1-HUM
ing the whole conception followed by the Communist regime today.

[redacted] these severe measures cannot be expected 50X1-HUM
to have the required result. These drastical measures can

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intimidate a certain portion of opportunists and timid persons,
but all this can have only a temporary effect. Each pressure
provokes a reaction. This will undoubtedly prove to be true
also in ^Czechoslovakia in the future.

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The function of the Trade Unions in the monetary reform
in Czechoslovakia

[redacted] the mo- 50X1-HUM

netary reform - from the standpoint of the wage policy - means
an actual drop of real wages of all Czechoslovak working men.

It is necessary to call the attention to the fact that the new tariffs of wages and tasks represent a fixation and in some cases even an increase of the labor norms valid until now, and the introduction of the "wage ceiling", that is, determination of the limit of a certain maximum earning that must not be surpassed.

Although [redacted] several trade union function- 50X1-HUM
 aries uttered their disagreement with the monetary reform, it is necessary to discuss the official statement about the monetary reform issued by the URO.

In the leading article published on 9 June 1953 in the mouthpiece of the ROH, Prace, one reads again about the "new tasks" of the trade unionistic movement. According to the above quoted article the task of the trade unions today is no more the enforcement of the labor alleviations, the fight for the raise of wages and for higher living standard by means that were customary in the "capitalist" system. The new task, and the main one, is "to strive by all means for the incessant development of the Czechoslovak production". This task, according to the Prace, can be fulfilled only if the discipline of the trade union members be strengthened.

From this leading article of the Prace it follows that the ROH management had to fight the "lack of discipline" of the ROH members and functionaries during the realization of the monetary reform. Consequently, in the future, the discipline will be severed, in other words: there will be exercised greater

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police terror against all those who would dare to have any objections against the exploitative system of state capitalism.

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the RFE did not devote sufficient attention to the role of the Czechoslovak trade unions during the monetary reform.

there is still time to realize the following propagandistic action, which could be combined with the recent events in Eastern Germany.

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a. The Czechoslovak trade unions, like the unions in Eastern Germany, better to say: their management, proved by their attitude that they can be no longer regarded as a true spokesman of the trade unions' members. The strikes and bloody riots both in CSR and in Eastern Germany, caused by the dissatisfaction of workmen, were a proof that the management of the trade unionistic organizations in question for the most part lost their influence on the rank members against whose interests they acted.

b. A natural and logical consequence of this should be some expression of mistrust of the working men towards the dictate of their trade union managements.

How is this mistrust to be manifested practically?

it would be necessary to arrange an extensive persuasion campaign in order that the members of the trade unions may express their mistrust in either of the two following ways:

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a. By leaving collectively the trade unions, demonstrating thus their disagreement with the trade unionistic policy practised by the ROH; or

b. By refusing to pay their membership fees. This way would be less dangerous, because it would be difficult to use the police measures against persons who would not pay the membership fees.

if this campaign were arranged quickly and with psychological skill, it might have some success even

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at the present time. it would be necessa-

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ry to act without delay and to make use of the dissatisfaction
which is stronger among the workers to-day than at any previous
time.

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